

Message Text

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70

ACTION EB-07

INFO OCT-01 EUR-12 NEA-10 ISO-00 TRSE-00 XMB-02 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01

H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 FEA-01 PA-01

PRS-01 /106 W

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R 141631Z JAN 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 5624

INFO AMEMBASSY MOSCOW

AMEMBASSY BERLIN

AMEMBASSY BELGRADE

USMISSION EC BRUSSELS

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMCONSUL LENINGRAD

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY TEHRAN

AMEMBASSY VIENNA

AMEMBASSY WARSAW

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

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DEPARTMENT PASS TREASURY AND EXIMBANK

E.O. 11652: N/A

TAGS: EFIN, GW, ETRD, ENRG

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PAGE 02 BONN 00626 141640Z

SUBJECT: GERMAN CREDIT TO USSR FOR PURCHASE OF PIPE

REF: MOSCOW 0362, TEHRAN 11640 (1975) AND BONN 17315
(1975)

1. THERE WERE 17 BANKS IN THE CONSORTIUM WHICH PUT TOGETHER THE LATEST GERMAN CREDIT TO THE USSR FOR THE PURCHASE OF MANNESMANN AND THYSSSEN PIPES. ROUGHLY DUPLICATING THE PREVIOUS THREE CREDIT DEALS TO RUSSIA, THE LARGEST PARTICIPANTS AND THE PERCENT PARTICIPATION ARE AS FOLLOWS: DEUTSCHE BANK, 18 PERCENT; COMMERZBANK, 14 PERCENT; DRESDNER BANK, 14 PERCENT AND WESTDEUTSCHE LANDESBANK GIROZENTRALLE, 14 PERCENT. ACCORDING TO THE FRG ECONOMICS MINISTRY, ONE AMERICAN BANK, MANUFACTURERS HANOVER TRUST, HAS A 2 PERCENT PARTICIPATION.

2. THE AMOUNT OF THE CREDIT, AS PREVIOUSLY REPORTED, IS DM 1.2 BILLION AND COVERS 85 PERCENT OF THE CONTRACT PRICE. ACCORDING TO OUR CONTACTS IN THE ECONOMICS MINISTRY THE INTEREST RATE FOR THIS CREDIT IS 7.35 PERCENT. AS IN THE PAST, THE MINISTRY SAID THERE WAS NO REPEAT NO GOVERNMENT SUBSIDY IN THIS CREDIT BUT RATHER THE EXPORTERS COVERED THE LOWER INTEREST RATE IN THEIR PRICES. THE CREDIT IS TO BE REPAYED IN SIXTEEN HALF-YEARLY PAYMENTS.

3. COMMENTING ON THE NEGOTIATIONS WITH THE RUSSIANS, OUR CONTACTS (PLEASE TREAT STRICTLY NOFORN) WERE SHARPLY CRITICAL OF THE FRENCH AND AUSTRIANS WHO APPARENTLY OFFERED THE RUSSIANS WHAT WERE DESCRIBED AS "ADVENTUROUSLY" LOW INTEREST RATES JUST AS THE GERMANS WERE ABOUT TO CONCLUDE THEIR CREDIT ARRANGEMENTS AT AN INTEREST RATE OF 7.5 PERCENT. THE FRENCH AND AUSTRIAN OFFERS, WHICH THE ECONOMICS MINISTRY SAID WERE AROUND 6.5 PERCENT PUT THE GERMANS UNDER PRESSURE TO REDUCE THEIR ORIGINAL OFFER. OUR CONTACTS WERE UNCERTAIN AS TO THE EXACT AMOUNT OF CREDIT WHICH WILL EVENTUALLY BE OFFERED BY THE AUSTRIANS AND THE FRENCH.
HILLENBRAND

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